



State of Delaware
Executive Department
Office of Management & Budget

October 23, 2009

Dear State of Delaware Employee:

The State of Delaware offers many outstanding programs for State employees including a voluntary benefit program that can save you up to 40% on each dollar that is set aside (the actual amount saved will vary based upon your tax bracket). The Flexible Spending Account (FSA) allows money to be set aside on a pre-tax basis to pay for out-of-pocket health care and/or dependent care (typically daycare) expenses. **Additionally**, starting in 2010, all Health Care FSA participants will have the option of signing up for the **FSA debit card**, known as the Benny Card, which can be used to pay for health care expenses, improve your cash flow, and simplify your benefits!! ASI has been selected by the State of Delaware to administer its FSA plan.

There are two spending account options available to all State of Delaware employees.

The **Health Care FSA** allows for a tax break on expenses incurred by you and any of your tax dependents. Don't forget that your dependents do not have to be on the State of Delaware's health insurance program in order for expenses to qualify through the FSA. Eligible expenses include co-pays, co-insurance and deductible expenses, prescription and many over-the-counter medications, chiropractic sessions, dental and orthodontia work (excluding cosmetic procedures such as teeth whitening), glasses, contact lenses and LASIK surgery, and many more. Check out www.asiflex.com or call ASI at 1-800-659-3035 for a more complete listing.

The **Dependent Care FSA** allows for a tax break on childcare or elder care (if you have an older dependent that lives with you and is incapable of self-care) so that you, or you and your spouse, can attend work, look for work or be a full-time student. Eligible expenses include daycare, before and after school care, and general purpose day camps.

The **optional Benny Card** provides a great way to save money and make your life easier. The Benny Card will provide a convenient method of paying for health care expenses for you, your spouse, and/or any tax dependents. Using the card **CAN** eliminate all paperwork, but whether or not this occurs depends upon how it is used. The Benny Card can only be used at health care providers and pharmacies/drugstores/grocery stores that are certified as being eligible (almost all regional and national chain stores are certified; please visit www.asiflex.com/debitcards for a complete listing). The IRS has created three situations where the Benny Card can be used without submitting follow-up documentation.



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Follow-up documentation will not be required if your purchase:

- ✓ Matches a co-pay for the major health, vision, or dental plans you have selected through the State of Delaware's benefit programs;
- ✓ Is a recurring expense at the same provider, for the same amount that you have submitted paperwork for one time and noted that the expense is recurring; or
- ✓ Occurs at a retail outlet that has implemented the Inventory Information Approval System (IIAS). This system restricts purchases with the Benny Card to eligible expenses and is in place at almost all regional and national chain stores. Stores that have implemented IIAS include Happy Harry's/Walgreens, CVS, Target, WalMart, Costco, etc. If you use the Benny Card at these stores, you will not be asked for follow-up documentation.

All other transaction types will prompt a request for follow up documentation. When you get a request, all you have to do is fax your statement of services or explanation of benefit statement directly to ASI for processing. That's it. You do not have any out-of-pocket costs and do not have to submit reimbursement requests to access your money!

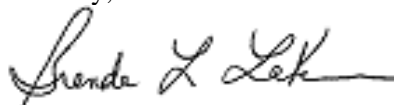
There are a few other things you should know about the Benny Card:

- 1) If you elect to receive the card, your full 2010 Health Care FSA election will be loaded on the card minus an annual fee of \$12 for the Benny Card. The balance is available for use as of January 1, 2010.
- 2) You have to request the Benny Card in order to receive it, and you can request it when you enroll online through ASI's website or when you receive an application in the mail with your confirmation of enrollment packet. In order for ASI to process the request for a Benny Card, you will be required to provide your full Social Security Number and your date of birth. Benny Cards will not be issued without these pieces of information.
- 3) Always keep your documentation, even if ASI doesn't ask for it. In the event of an IRS audit, you may be asked to show this documentation.
- 4) Even if you sign up for the Benny Card, you can still submit manual claims to ASI for processing.

Don't forget that the money you set aside for plan year 2010 must be used by the end of the plan year (January 1, 2010 through December 31, 2010) plus the corresponding grace period (January 1, 2011 through March 15, 2011). Any unused funds will be forfeited, in accordance with IRS Regulations, so if you are unsure of how much you will be spending, start with a small election this year, then start actively tracking expenses during the year so you will be able to save more money next year. If you have specific questions about the program, please contact ASI at (800) 659-3035. Enrollment for the FSA program runs from November 2 through November 23, 2009, which you can complete online at <https://secure.asiflex.com>, employer – provided code word DE. The Flexible Spending Account Enrollment Checklist, which includes detailed instructions on how to complete the online enrollment, can be found at <http://ben.omb.delaware.gov/fsa/index.shtml> (Statewide Benefits page for Flexible Spending Accounts). **Don't forget that even if you were enrolled in FSA last year and don't want your annual election to change, you must re-enroll.**

Don't miss out on saving hundreds of dollars on expenses you are already incurring! Take advantage of the FSA program and increase your take home pay.

Sincerely,



Brenda L. Lakeman
Director, Statewide Benefits